

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6374

BILL NUMBER: HB 1302

NOTE PREPARED: Dec 4, 2003

BILL AMENDED:

SUBJECT: Service Fees.

FIRST AUTHOR: Rep. Richardson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides for the collection of a \$10 service fee in small claims and civil actions. (The introduced version of this bill was prepared by the Commission on Courts.)

Effective Date: July 1, 2004; July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* Depending on the number of defendants named in these cases, this bill is estimated to generate new revenue over that provided under current statute in the following amounts:

Calendar Year	Low Estimate (\$ M) *	High Estimate (\$ M) *
2004	\$2.41	\$4.83
2005	\$4.10	\$8.19
2006 and following years	\$3.37	\$6.73
* The average number of defendants named in civil actions covered by this bill is unknown. The low estimate is based on an average of one defendant named; the high estimate is based on an average of two defendants.		

Under current law, a person filing a small claims action, effective July 1, 2005, will be billed a service fee of \$5 for each defendant named in a case. As proposed, a \$10 fee for each defendant named in a small claims action will become effective July 1, 2004.

This bill would also impose a \$10 service fee for each defendant named or added to a civil action, effective July 1, 2004. For this estimate, civil actions include plenary filings, mortgage foreclosures, civil collections, torts, domestic relations, reciprocal support, mental health, protective orders, and miscellaneous cases.

Background: The following table is the basis for estimating the additional revenue that this bill could generate.

Cases	1998	1999	2000	2001	2002	Five-Year Average
Civil	174,365	173,596	187,806	201,753	217,982	191,100
Small Claims	287,828	282,218	289,964	305,776	290,493	291,256

The average number of defendants named in civil and small claims cases is not reported in published form. The following tables assume that the average number of defendants involved in these cases is between one and two. Based on this five-year average, the estimated revenue for the last six months of CY 2004 could range between \$2.4 M and \$4.8 M depending on the number of respondents who are involved in these cases.

					Potential Revenue in \$M	
					For One Respondent	For Two Respondents
	Filings		Added Fee			
Civil	191,100	x	\$10	=	\$1.91	\$3.82
Small Claims	291,256	x	\$10	=	\$2.91	\$5.83
Total New Revenue for last six months of CY 2004					\$2.41	\$4.83

For CY 2005, the new revenue is estimated to be between \$4.1 M and \$8.2 M. Note that the new small claims service fee of \$10 represents a \$10 increase over current statute for January through June of 2005 and a \$5 increase over current statute for July through December 2005 (to account for the \$5 that will already become effective on July 1, 2005).

					Potential Revenue in \$M	
	Filings		Added Fee		For One Respondent	For Two Respondents
Civil	191,100	x	\$10	=	\$1.91	\$3.82
Small Claims (January thru June)	145,628	x	\$10	=	\$1.46	\$2.91
Small Claims (July thru December)	145,628	x	\$5	=	<u>\$0.73</u>	<u>\$1.46</u>
Total New Revenue for Calendar Year 2005					<u>\$4.10</u>	<u>\$8.19</u>

For CY 2006 and each following year, the added \$5 fees for small claims and \$10 for civil actions could generate between \$3.4 M and \$6.7 M.

					Potential Revenue in \$M	
	Filings		Added Fee		For One Respondent	For Two Respondents
Civil	191,100	x	\$10	=	\$1.91	\$3.82
Small Claims	291,256	x	\$5	=	\$1.46	\$2.91
Total New Revenue for CY 2006 and following years					\$3.37	\$6.73

The proceeds from the small claims service fees are deposited in the county general fund, while the civil action service fees are deposited in either the county, city, or town general fund.

State Agencies Affected:

Local Agencies Affected: All courts of record with civil and small claims jurisdiction.

Information Sources: *2002 Indiana Judicial Service Report*, Volume 1, Executive Summary.

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